

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 /103 W

-----058633 101237Z /47

R 100830Z MAY 78
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 237

UNCLAS SINGAPORE 2089

E.O. 11652: N/A
TAGS: EAIR, ETRD, SN, US
SUBJECT: SIA PURCHASE OF BOEING AIRCRAFT

1. SINGAPORE AIRLINES ANNOUNCED THIS MORNING, 5/10,
THAT AGREEMENT WILL BE SIGNED IN NEW YORK WITH BOEING
COMPANY FOR SUPPLY OF THIRTEEN B 747'S AND SIX B 727'S.
TOTAL VALUE OF CONTRACT, INCLUDING SPARES AND SPARE
ENGINES, IS ABOUT US\$900 MILLION.

2. TEN OF THIRTEEN 747'S ARE FIRM ORDERS, AS ARE FOUR
OF SIX 727'S. DELIVERY OF AIRCRAFT WILL BE MADE BE-
TWEEN YEAR-END 1979 AND 1982. OPTION AIRCRAFT DELIVERY
DATES EXTEND TO 1985.

3. SIA NEWS RELEASE SAYS CONTRACT IS LARGEST IN BOEING'S
HISTORY AND ONE OF THE LARGEST EVER PLACED BY ANY AIR-
LINE.

4. MAIN FACTOR BEHIND DECISION TO TOTALLY REVAMP SIA
FLEET IS NEW, MORE POWERFUL PRATT & WHITNEY ENGINE.
ECONOMICS OF AIRLINE INDUSTRY SUGGEST THAT PURCHASE
OF ENTIRELY NEW AIRCRAFT WITH NEW ENGINE IS MORE
ECONOMICAL THAN RETROFITTING OF NEW ENGINES TO OLDER
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AIRCRAFT. RESALE VALUE OF PRESENT B 747 FLEET IS
LARGE CONSIDERATION.

5. ANOTHER FACTOR IS SIA POLICY OF DEPRECIATING AIR-
CRAFT IN ONLY SIX YEARS. PRESS ACCOUNTS SAY SIA
WILL FINANCE PURCHASE WITH INTERNAL FUNDS, EXTERNAL
BORROWING AND SALE OF PRESENT BOEING FLEET.

6. PRATT & WHITNEY PRESENTLY HAS LARGE CREW OF
ENGINEERS AND TECHNICIANS IN SINGAPORE TRAINING SIA
MAINTENANCE PERSONNEL IN INTRICACIES OF PRATT &
WHITNEY ENGINES.
HOLDRIDGE

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Message Attributes

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